

House Study Bill 269 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON KAUFMANN)

A BILL FOR

1 An Act relating to the auditor of state and including effective
2 date and applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 11.31, Code 2021, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 01. The auditor of state shall adopt rules
4 establishing divisions within the office of auditor of state.
5 For each division within the office of auditor of state that
6 is responsible for performing attest services as described in
7 section 542.3, the auditor of state shall appoint a certified
8 public accountant to lead that division.

9 Sec. 2. Section 542.3, subsection 20, Code 2021, is amended
10 to read as follows:

11 20. "*Peer review records*" means a file, report, or other
12 information relating to the professional competence of
13 an applicant in the possession of a peer review team, or
14 information concerning the peer review developed by a peer
15 review team in the possession of an applicant. "*Peer review*
16 *records*" includes peer review reports.

17 Sec. 3. Section 542.3, Code 2021, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 20A. "*Peer review reports*" means a study,
20 appraisal, or review of one or more aspects of a certified
21 public accounting firm's compliance with applicable accounting,
22 auditing, and other attestation standards adopted by generally
23 recognized standard-setting bodies.

24 Sec. 4. Section 542.7, subsection 4, Code 2021, is amended
25 to read as follows:

26 4. An applicant for initial issuance or renewal of a permit
27 to practice as a certified public accounting firm is required
28 to register each office of the firm within this state with the
29 board and to show that all attest and compilation services
30 rendered in this state are under the charge of a person holding
31 a valid certificate issued under [section 542.6](#) or [542.19](#), or
32 by another state if the holder has a practice privilege under
33 [section 542.20](#). However, the requirements of this subsection
34 shall not apply to the office of auditor of state if the
35 auditor of state otherwise complies with the requirements of

1 section 11.31 and this section.

2 Sec. 5. Section 542.7, subsection 10, Code 2021, is amended
3 to read as follows:

4 10. a. Peer review records are privileged and confidential,
5 and are not subject to discovery, subpoena, or other means
6 of legal compulsion. Peer review records are not admissible
7 in evidence in a judicial, administrative, or arbitration
8 proceeding. Unless the subject of a peer review timely objects
9 in writing to the administering entity of the peer review
10 program, the administering entity shall make available to the
11 board within thirty days of the issuance of the peer review
12 acceptance letter the final peer review report or such peer
13 review records as are designated by the peer review program in
14 which the administering entity participates. The subject of a
15 peer review may voluntarily submit the final peer review report
16 directly to the board. Information or documents discoverable
17 from sources other than a peer review team do not become
18 nondiscoverable from such other sources because they are made
19 available to or are in the possession of a peer review team.
20 Information or documents publicly available from the American
21 institute of certified public accountants relating to quality
22 or peer review are not privileged or confidential under this
23 subsection. A person or organization participating in the
24 peer review process shall not testify as to the findings,
25 recommendations, evaluations, or opinions of a peer review team
26 in a judicial, administrative, or arbitration proceeding.

27 b. However, notwithstanding any provision of this subsection
28 to the contrary, peer review reports concerning the office of
29 auditor of state shall be considered a public record pursuant
30 to chapter 22.

31 Sec. 6. NEW SECTION. 542.7A Office of auditor of state.

32 1. The office of auditor of state shall qualify as a
33 certified public accounting firm subject to the requirements of
34 sections 11.31 and 542.7.

35 2. For purposes of section 542.7, the auditor of state shall

1 be deemed to be the owner of the office of auditor of state and
2 the office of auditor of state shall be deemed to comply with
3 the ownership requirements of section 542.7 if the auditor of
4 state is a certified public accountant or all divisions of the
5 office of auditor of state performing attest services are led
6 by a certified public accountant.

7 3. The provisions of sections 542.9, 542.17, and 542.18
8 shall not apply to the office of auditor of state as a
9 certified public accounting firm under this chapter.

10 Sec. 7. EFFECTIVE DATE. This Act, being deemed of immediate
11 importance, takes effect upon enactment.

12 Sec. 8. RETROACTIVE APPLICABILITY. This Act applies
13 retroactively to July 1, 2002.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with
16 the explanation's substance by the members of the general assembly.

17 This bill concerns the office of auditor of state.

18 Code section 11.31, concerning state auditors, is amended
19 to provide that the auditor of state adopt rules establishing
20 divisions and to provide that for each division that is
21 responsible for performing attest services as described in Code
22 section 542.3, the auditor of state shall appoint a certified
23 public accountant to lead that division.

24 Code chapter 542, concerning public accountants, is amended.
25 The bill adds "peer review reports", defined in the bill, to
26 the definition of "peer review records". By operation of
27 law, peer review records are privileged, confidential, and
28 not subject to discovery or other means of legal compulsion.
29 New Code section 542.7A provides that the office of auditor
30 of state shall qualify as a certified public accounting firm
31 subject to the requirements of Code sections 11.31 and 542.7.
32 The bill provides that for purposes of applying for a permit as
33 a certified public accounting firm under Code section 542.7,
34 the auditor of state shall be deemed the owner of the office
35 and the office of auditor of state shall be deemed to comply

1 with the ownership requirements of Code section 542.7 if the
2 auditor of state is a certified public accountant or all
3 divisions of the office of auditor of state performing attest
4 services are led by a certified public accountant. The bill
5 provides that Code section 542.9, concerning appointment of
6 secretary of state as an agent, and Code sections 542.17 and
7 542.18, concerning client confidentiality, do not apply to the
8 office of auditor of state if the office of auditor of state is
9 issued a permit as a certified public accounting firm.

10 Code section 542.7, concerning firm permits to practice,
11 is amended. The bill provides that the requirements of an
12 applicant to register each office of the firm within the state
13 with the Iowa accountancy examining board and to show that all
14 attest and compilation services rendered in this state are
15 under the charge of a person holding a valid certificate do
16 not apply to the office of auditor of state. In addition, the
17 bill provides that peer review records concerning the office of
18 auditor of state shall be considered a public record pursuant
19 to Code chapter 22.

20 The bill takes effect upon enactment and applies
21 retroactively to July 1, 2002.